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21 APR 1983

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MEMORANDUM FOR: (See Addressees List)

FROM: 25X1
Chief, Strategic Resources Division
Office of Global Issues

SUBJECT: Eastern Europe: Good Prospects for Winter Grains in 1983 25X1

1. The attached memorandum assesses current winter grain conditions in Eastern Europe. Such assessments will be made periodically during the 1983 crop season. 25X1

2. This assessment was produced by Agricultural 25X1
Assessment Branch, Strategic Resources Division, Office of Global Issues. 25X1

3. Comments and questions are welcome and may be addressed to the Chief, Agricultural Assessment Branch, 25X1

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Attachment:
Eastern Europe: Good Prospects
for Winter Grains in 1983,
GI M 83-10108, April 1983 25X1

ON FILE USDA WAIVER APPLIED

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NGA Review Completed

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SUBJECT: Eastern Europe: Good Prospects for Winter Grains in 1983 [redacted] 25X1

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OGI/SRD/AA/ (21 April 1983)

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Central Intelligence Agency

Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

21 APR 1983

Eastern Europe: Good Prospects for Winter Grains in 1983

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Summary

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The outlook is generally good for the 1983 Eastern European winter grain crop, and production should exceed the recent 47-million-ton average, if spring and summer weather is favorable. A large sown area and adequate soil moisture last fall provided a good start for winter grains almost everywhere, and a mild winter over most of the region allowed crops to largely escape damage. If winter grains continue to develop well and spring grains presently being planted do likewise, an above average total grain harvest of 96-100 million tons will probably be achieved.

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In contrast to crops elsewhere in Eastern Europe, prospects for the winter grain crop of Poland are only average. An autumn drought kept the sown area below plan and caused spotty germination and weak plant development. Furthermore, after a mild winter, susceptible grainfields underwent cold temperatures in February, when above-average winterkill occurred. Reseed... operations will be necessary to make good these losses, and Poland will depend more heavily than usual on its harvest of spring grains to produce a total crop above the 19-million-ton average of the last six years.

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A good 1983 grain crop is desperately needed to help the countries of Eastern Europe prevent discontent over food supplies from leading to political problems, but a good harvest will merely keep them out of serious trouble for another year. The Eastern European governments are trying to stem feed grain imports that they cannot afford. They are counting on bumper grain production to maintain livestock herds, in the hope that they can forestall consumer unrest by maintaining acceptable levels of meat production. Even the record 1982 harvest of 101 million tons did not eliminate the need for grain imports, so the collective total of 1983 grain plans for Eastern Europe has been set at 112 million tons, a level that is highly unlikely to be attained.

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This paper was prepared by 25X1 *Agricultural Assessment Branch, Strategic Resources Division, Office of Global Issues (AAB/SRD/OGI). Comments and questions may be addressed to the Chief, AAB/SRD/OGI* 25X1

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Eastern Europe: Good Prospects for Winter Grains in 1983

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A large sown area and generally favorable conditions last fall and winter provided a good start for Eastern Europe's 1983 winter grain crop. Winter grain production will likely exceed the average of 47 million tons if spring and summer weather is favorable. Winter grains comprise 60 percent of total grain production in the northern countries (East Germany, Poland, and Czechoslovakia) and 40 percent in the southern countries.

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Eastern European farmers are beginning to plant spring grains, and growing conditions from now on will ultimately determine the size of this year's crop. Spring grain production averaged 47 million tons recently, and continuing favorable weather will promote an above average total grain harvest of 96-100 million tons.

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A Good Crop Needed

Good 1983 grain harvests are vital for the countries of Eastern Europe, whose governments now regard grain and food imports as a drain on their strained economies. Shortages of hard currency and the reluctance of Western nations to grant easy credit are forcing them to rely increasingly on domestically produced food. This attempt to end grain imports requires a 1983 crop even larger than the record 101-million-tons produced in 1982.

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Improving the quality of people's diets, especially through increased meat consumption, has been a prime goal in Eastern Europe, and meat production for export has been another aim. In recent years Eastern Europeans have spent much of their increased incomes on meat in the absence of desirable consumer goods in the stores. The region's growth in livestock production was achieved at the expense of a growing reliance on imported feed grains. In striving to curb this dependence, the agriculture of Eastern Europe will be tested everywhere. The northern countries (East Germany, Poland, and Czechoslovakia) are particularly susceptible to shortfalls in feed grain, however, for their short growing season prevents them from being large corn producers. Even the record 1982 grain crop did not prevent reduction of livestock herds as governments cut imports, so a bumper 1983 grain crop will be needed just to maintain meat production at a level sufficient to forestall latent consumer unrest. If poor weather holds 1983 grain production below average, leaders of these nations will face hard policy choices concerning food consumption, imports, and incentives for farmers.

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Grain consumption in East Europe totaled around 105 million tons per year from 1977-81, while production in the same period averaged 94 million tons. During these years the southern countries produced and consumed about 55 million tons of grain, and Hungary became a net exporter. The northern countries, in contrast, produced an average of only 39 million tons, while consuming some 50 million tons per year. Food grain requirements account for less than one third of Eastern Europe's consumption and are generally satisfied by domestic production. Although total net grain imports averaged 11.5 million tons annually from 1977-81, with the lion's share going to the northern countries, net imports were reduced to 10.4 million tons following the below-average 1981 harvest. We estimate that the record 1982 grain crop, along with financial constraints, led Eastern Europe to reduce net imports to

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around 4.5 million tons for the 1982/83 marketing year (MY)*. Another bumper crop in 1983 would make it easier for these governments to keep grain imports at this low level, but an average or poor crop would spell a sharp decline in meat production. Several countries are trying to substitute pastures and other domestic sources of fodder for grains, and the production of hogs and poultry compared to cattle will be decreased.

Production Plans for 1983

The East European press has provided information to suggest that the production of 112 million tons of grain in 1983 is planned. This is a very ambitious goal, and even if an above-average harvest of winter grains is realized, overall production at this level is unlikely.

Northern Countries

Although Polish authorities regard the provision of food supplies as a critical problem and grain production as an essential element of food self-sufficiency, the current Polish grain target is 21.2 million tons, a level equal to 1982 production. A total grain hectarage figure has not been announced, but the planned winter grain area was 4.8 million hectares, with 3 million hectares of rye, 1.6 million hectares of wheat, and .2 million hectares of barley. The 1982 winter grain plan called for 4.4 million hectares, and 4.5 million were sown, according to the US agricultural counselor. No planned production figures for individual crops have been reported. The production target is based on average weather, improved equipment and pesticide use, and small increases in the application of fertilizer. The government constantly urges more efficient land use, and has called for a 3.2 percent or 254,000 hectare increase in the grain area during the period of the 1981-85 plan. Keeping this year's target on a par with last year's reported production suggests that the government itself doubts that the planned efforts will lead to increased production, even if all the necessary inputs are provided. Speaking to that point, Poland's Minister of Agriculture has admitted that farmers will not have any incentive to increase production unless more consumer goods are made available in rural areas.

The 1983 East German plan calls for grain production of 10.3 million tons after a record 10.0 million-ton crop in 1982. Planners have increased the grain area to over 2.6 million hectares, compared to 2.5 million last year. The plan assigns about 2 million hectares to winter grains and about 600,000 hectares to spring grains. No breakdowns in area or production targets by specific grains have been given. Like their Polish counterparts, East German authorities have urged farmers to obtain higher yields by using the land more intensely. Furthermore, the planned increase of the grain area should help them meet their goal.

Czechoslovakia's 1983 grain target of 11 million tons remains at the same level as the unfulfilled 1982 plan, and equals the size of the record 1978 crop. Although hectarage plans and production targets for specific grains

* (1 July - 30 June)

have not been spelled out, the leaders intend to increase the area planted in corn in view of last year's record corn crop. Getting the planned area sown is an important current objective for Czechoslovakia. Last year, despite good yields, the country did not achieve planned grain production goals because the area sown was down. Part of this reduction in sown area was the result of winterkill on some 70,000 hectares that could not be resown with spring grains. 25X1

Southern Countries

Hungary's plan calls for 14.5 million tons of grain to be grown on 2.9 million hectares, an area exceeding last year's hectarage by 50,000. Hungary evidently regards the record 1982 crop of 14.7 million tons as beyond reach this year. Wheat will occupy 1,320,000 hectares and corn will occupy 1,160,000 hectares, though specific production targets have not been reported. Hungary's relatively successful agriculture is to help the trade balance in 1983 with a 1-2 percent increase in output, all for export. Wheat and barley yields are to be increased from 1982 levels and the high corn yields of 1982 are to continue. 25X1

Instead of merely urging farms to fulfill the plan, the Hungarian regime allows farms to participate in the planning process, and has made farm profits the incentive to increase production. In order to profit, farms must hold down production costs and receive high enough prices for their output. In January 1983, the government reduced its subsidies of farm inputs and raised prices for these items. These subsidies, which had resulted in farms wasting energy and raw materials, had become a growing expense for the state budget. 25X1
The government also announced price increases for farm output, as an incentive for farms to increase production. 25X1

We estimate that Yugoslavia's 1983 plan calls for grain production of 19 million tons as a step toward the announced goal of 20 million tons by 1985. Total grain area has not been reported. Targets have been set for 12 million tons of corn to be grown on 2,230,000 hectares this year. Wheat 25X1
production is slated to reach 6 million tons, with winter wheat planned for 1,600,00 hectares and spring wheat for 57,000 hectares. The winter wheat plan includes a 100,000 hectare increase from the 1982 area. The US agricultural 25X1
counselor commented in February that high corn prices could induce farmers to exceed the planned corn area this spring.

Romania has an ambitious plan for producing 25.3 million tons of grain in 1983, substantially above the country's record output of 20.2 million tons in 1980. According to the plan, wheat and rye production will total 8.2 million tons, corn 13.8 million tons, and barley 3.1 million tons. The only planned hectarage data announced to date concerns the 2.4 million hectares allocated to winter wheat. Investment in agriculture is to increase 5.8 percent over 1982, as Romania attempts to honor an IMF agreement by becoming self- 25X1
sufficient in food and fodder production. However, the policy of reducing imports will hinder the country from obtaining inputs, such as herbicides, in 25X1
quantities necessary to increase agricultural production.

Bulgaria plans to increase grain production to an unlikely 10.3 million tons in 1983; the country's record output is 8.7 million tons in 1976. No planned area figures or production targets for individual crops have been announced. This year Bulgaria plans to sow high yielding wheat and barley, to

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extend the use of improved soil preparation techniques, and to increase the use of other inputs. Agriculture Minister Petkov states that farmers will no longer plant corn in areas lacking enough rainfall, but will switch to more suitable wheat and barley. Bulgarian farmers are apparently making progress in choosing the best type of crop for local conditions, instead of mounting a drive to produce more of a certain crop.

Fall Planting and Plowing Campaign

Warm, sunny weather generally allowed the countries of East Europe to sow winter grain successfully and to complete fall fieldwork. Adequate rainfall fostered emergence, except in Poland where three months of drought damaged the winter crop.

From August through October, rainfall in the major Polish grain-growing areas was more than 60 percent below normal. By the end of October government officials conceded that the 4.2 million hectares sown to winter grains were 12 percent below plan, and that fall plowing had been completed on only 30 percent of the planned area. All through the autumn of 1982, local news articles from many parts of the country told of farmers delaying planting beyond the optimum dates while waiting for rain. The ground was so hard that equipment, usually not in good condition, wore out quickly and broke down often. Analysis confirms that the northwest and southwest parts of the country were dry enough to experience blowing dust during planting and that emergence of winter grains was spotty. The US agricultural attache reported that late sown fields did not develop well and that the crops in them would be vulnerable to winterkill. Some farmers estimated that over half the rye crop would be plowed under this spring, but that wheat and barley had a chance to recover. Fields planted earlier in the fall were most heavily affected by the drought.

The country's agriculture continued to be plagued last fall by distrust between farmers and the government. The weak condition of the Polish economy also affected fall activities and contributed to the farmers' lack of enthusiasm for increasing production. Moreover, farmers apparently feel that there is no purpose in increasing output as long as rural stores do not have consumer goods to sell. According to press accounts, they preferred to use their own seed last fall instead of buying seed of better quality from the government. Furthermore, they did not buy the fertilizer that was available, did not lime their fields, and complained that stores did not have the equipment, even rubber boots, that they needed.

The rest of Eastern Europe received enough rainfall by the end of autumn to promote fairly good development of winter grainfields before they entered dormancy. Farmers in most countries carried out fall operations on time and increased winter grain hectarage from last year. The US agricultural attache in Berlin reports that East German farmers planted 1.95 million hectares of winter grains, up 50,000 hectares from the year before. Czechoslovakian farmers also exceeded the planned winter wheat area by 100,000 hectares, according to press reports. This extra hectarage was meant to compensate for winterkill losses. The Hungarian press carried a story that efforts were being made in November to sow 10,000 additional hectares of winter wheat after fulfilling the planned area. The Yugoslavian press, as well as the US agricultural counselor, reported that the planned winter wheat area of

1.6 million hectares had been planted. Romania increased its winter wheat area over last year's by sowing 2.3 million hectares, but fell short of the 2.4 million hectares which had been planned. The Bulgarian press reported that seeds and fertilizers for fall planting were available, but did not comment on the area sown. As winter approached, grainfields over Eastern Europe generally had a dense, uniform appearance on satellite imagery, which indicated good plant growth. 25X1 25X1

Though conditions were generally good last fall, minor localized problems arose in some countries. For example, as summer ended, the East German press reported dry weather. 25X1 25X1 25X1

After travel at the end of October, the US agricultural attache noted that timely rainfall had contributed to the recovery of early planted barley fields, which had germinated unevenly. Rye and wheat, which had been planted later, were reported in good to excellent condition. 25X1 25X1

Romania also had some dry weather which hurt early plant development, according to the US agricultural attache, but weather data showed that the problem was not widespread. Press reports in Bulgaria, Yugoslavia, and Romania indicate the shortage or late delivery of fuel, fertilizer, spare parts, or high quality seeds. Minor planting delays resulted from these problems. 25X1 25X1 25X1

Winter Crop Conditions Fair to Good

Mild temperatures and frequent rainfall during the early part of the winter allowed grainfields in the northern countries to develop before going into dormancy, but a period of cold temperatures in mid-February caused winterkill in Poland and East Germany. December brought record warm temperatures, and Poland's agricultural minister commented that rainfall during that month alleviated the moisture deficiency. Heavy snowfall and cold temperatures did not strike the northern countries until mid-February. Snow cover did not protect the grainfields because previous mild weather had probably allowed crops to begin coming out of dormancy as the cold hit. Thus, a three to four percent winterkill loss, compared to the usual one to two percent rate, probably occurred in the northern regions of Poland and East Germany. Satellite imagery shows that snow cover receded as March began, but cold temperatures did not cause more damage. 25X1 25X1 25X1 25X1 25X1 25X1

The southern countries fared better during the winter. They experienced mild temperatures and adequate rainfall, and escaped the mid-February cold spell. farmers were beginning spring fieldwork as the snow melted at the end of February. 25X1 25X1 25X1

Warm weather in the northern countries at the end of March eased farmers' worries about beginning fieldwork and sowing operations, especially in Poland. Farmers there will need to reseed fields struck by drought and winterkill, and they must plant a larger area than usual with spring grains to make up for a sizeable shortfall in winter grain area. Throughout Eastern Europe, alternating cold and warm weather could still damage the winter grains. 25X1 25X1

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Outlook

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Even with the winterkill losses of February, Eastern Europe, aside from Poland, will likely achieve a better-than-average winter grain crop. Soil moisture has been adequate, the sown area is up in most countries, and favorable spring and summer weather could boost yields.

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In Poland, the winter grain crop will be around average. The sown area is below plan, and drought damage, followed by winterkill, has dimmed production prospects. Soil moisture improved during the winter, however, and if Polish farmers sow a large area to spring grains, an above average overall grain crop for the year could result.

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Spring and summer weather will now determine grain production for Eastern Europe. Favorable conditions will allow reseeding and spring grain planting operations to be carried out efficiently. The northern countries, more dependent on winter grains, will count on good spring weather to allow weak crops to recover. If not, farmers will strive for a bumper harvest of spring grains. Last year East German farmers overcame high winterkill losses and produced a record harvest. As the southern countries emphasize corn, they do not have to rely so much on winter grains. For these countries the spring and summer growing season will be critical, particulary in Romania, where warm, dry early spring days have decreased soil moisture to barely adequate levels. If rainfall does not soon occur, spring grains will be in danger there as soon as they are sown.

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Eastern Europe *

1983 Grain Production Plans

Million Tons

	1983 Plan	1982 Plan	1982 Production
Czechoslovakia	11.0	11.0	10.3
East Germany	10.3	10.0	10.0
Poland	21.2	19.7	21.2
Bulgaria	10.3	9.5	8.2*
Hungary	14.5	14.2	14.7
Romania	25.3	24.0	19.5*
Yugoslavia	19.0*	16.0*	17.4*

* CIA estimate.

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GRAIN PRODUCTION IN EASTERN EUROPE[1]

Million Tons

	1977-81 Average	1977	1978	1979	1980	1981	1982
Eastern Europe	93.8	93.7	96.2	90.8	96.0	92.1	101.3
Northern countries	38.6	38.4	42.3	35.4	38.6	38.1	41.5
Czechoslovakia	10.1	10.3	11.0	9.2	10.7	9.4	10.3
East Germany	9.2	8.7	9.8	8.9	9.6	8.9	10.0
Poland	19.3	19.4	21.5	17.3	18.3	19.8	21.2
Southern countries	55.2	55.3	53.9	55.4	57.4	54.0	59.8
Bulgaria	8.1	7.8	7.7	8.5	7.8	8.7	8.2[2]
Hungary	12.8	12.3	13.3	12.0	13.8	12.6	14.7
Romania	18.9	18.6	19.0	19.3	20.2	17.5	19.5[3]
Yugoslavia	15.4	16.6	13.9	15.6	15.6	15.2	17.4[4]

1 Grains include wheat, rye, barley, oats, corn, mixed grains; in the southern countries rice is also included; in Bulgaria, legumes.

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2 CIA estimate. Although Bulgaria announced 1982 production as 10 million tons, local press accounts have been silent about the harvest. Weather conditions during the growing season did not seem good enough for a crop of that size. Bulgaria's record production is 8.7 million tons.

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3 CIA estimate. Romania announced that total 1982 grain production was 22.3 million tons, including 12.6 million tons of corn and 6.5 million tons of wheat. However, dry weather hurt grain yields, and much of the barley was chopped for fodder. These factors, in our judgment, precluded a crop of 22.3 million tons, considering that Romania's record is 20.2 million tons.

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4 CIA estimate. Yugoslavia announced an 11.1-million-ton corn crop and a 5.3-million-ton wheat crop. Production of other grain is estimated at 1 million tons.

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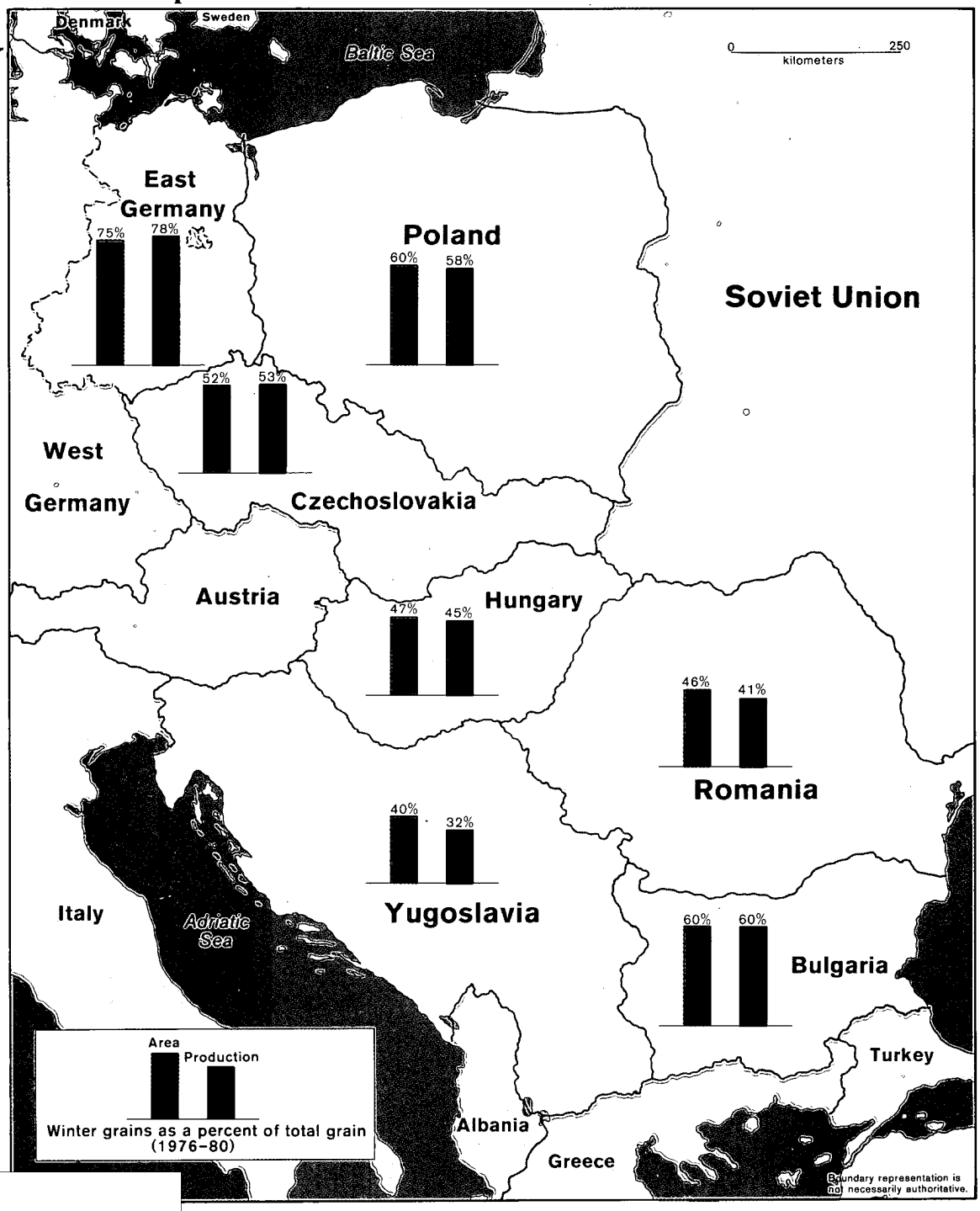
Figure 1

Eastern Europe: Winter Grains



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